



TOWN COUNCIL – AGENDA REQUEST FORM

THIS FORM WILL BECOME PART OF THE BACKGROUND INFORMATION USED BY THE COUNCIL AND PUBLIC

Please submit Agenda Request Form, **including back up information**, 8 days prior to the requested meeting date. **Public Hearing requests must be submitted 20 days prior to requested meeting date to meet publication deadlines** (exceptions may be authorized by the Town Manager, Chairman/Vice Chair).

MEETING INFORMATION

Date Submitted: March 4, 2022

Date of Meeting: March 10, 2022

Submitted by: Town Manager Paul T. Micali

Department:

Time Required: 15 minutes

Speakers:

Background Info.

Supplied:

Yes: ☒ No: ☐

CATEGORY OF BUSINESS (PLEASE PLACE AN "X" IN THE APPROPRIATE BOX)

Appointment: ☐

Recognition/Resignation/

Retirement: ☐

Public Hearing: ☐

Old Business: ☒

New Business: ☐

Consent Agenda: ☐

Nonpublic: ☐

Other: ☐

TITLE OF ITEM

Reconsideration of Use of ARPA Funds and Merrimack Fire Rescue Ladder Truck Purchase

DESCRIPTION OF ITEM

The Town Council to discuss the utilization of American Rescue Plan Act (ARPA) funds for the purchase of a new Fire Rescue ladder truck.

REFERENCE (IF KNOWN)

RSA:

Warrant Article: _____

Charter Article:

Town Meeting: _____

Other:

N/A

EQUIPMENT REQUIRED (PLEASE PLACE AN "X" IN THE APPROPRIATE BOX)

Projector: ☐

Grant Requirements: ☐

Easel: ☐

Joint Meeting: ☐

Special Seating: ☐

Other: ☐

Laptop: ☐

None: ☐

CONTACT INFORMATION

Name:

Paul Micali

Address

6 Baboosic Lake Road

Phone Number

603-424-2331

Email Address

pmicali@merrimacknh.gov

APPROVAL

Town Manager:

Yes ☒ No: ☐

Chair/Vice Chair:

Yes ☒ No: ☐

Hold for Meeting Date: _____

Memo



TO: Town Council

FROM: Town Manager Paul T. Micali

DATE: March 4, 2022

RE: **Reconsideration of American Rescue Plan Act Funding (ARPA)**

In July of 2021 the Council voted to accept \$2,773,229 (see attached minutes) of ARPA funds. Later in the same meeting, the Council voted to use \$2,327,764 (see attached minutes) for a Screening building at Wastewater. As mentioned in the February 10, 2022 meeting (see attached minutes) the cost of the Screening building is now included in the Phase V bond proposed on the April 12th ballot.

In order to be able to use the \$2,327,764 set aside for the Screening building, the Town Council will have to suspend the Rules of Procedure as follows:

The Council Rules of Procedure, Section 704, address reconsideration of votes previously taken. Those rules require reconsideration of the vote in question to occur at the same or next meeting (704.1), or within the same calendar year (704.2). Obviously, the Council is not able to comply with either of those and so to reconsider the Council will first need to vote to suspend the applicable rules of procedure. Section 1000 allows for a suspension of the rules of procedure by majority vote of the Council.

1. Motion to Suspend the Rules of Procedure, Section 704 relative to reconsideration of prior vote to expend ARPA funds. To reconsider the Council's July 15, 2021 vote, the Council needs to first suspend the rules of procedure section 704 to allow for reconsideration of the July 15, 2021 vote nine months later and by majority vote. A vote to suspend the rules requires a simple majority vote.

Sample Motion: "I move the Council vote to suspend Section 704 of the Council Rules of Procedure to allow for reconsideration of a prior vote that would not otherwise be allowed; suspension of the rules is allowed by majority vote pursuant to section 1000."

2. Assuming a majority vote to suspend the rules, the Council may then take up reconsideration of the July 15, 2021 vote.

Sample Motion: "I move the Council to reconsider its vote of July 15, 2021 dedicating \$2,327,764 of available ARPA monies for the Sewer Screening Building expansion; passage of this motion to reconsider will rescind the dedication of ARPA funds as voted by the Council on July 15, 2021."

3. Assuming a majority vote to reconsider, the Council will then need to discuss how it now wants to utilize those funds.

Sample Motion: "I move to fund the acquisition of a ladder truck for the Fire Department in the amount of \$1,500,000 out of the ARPA funds available to the Town."

Ms. Martin then shared that they are on track to have everything finalized and turned back over by the end of August so that they can do the MS1 and submit it on time to avoid any delays.

Public Hearing

1. Public Hearing – Acceptance of American Rescue Plan Act of 2021 Funds

Submitted by Finance Director Thomas Boland

The Town Council will hold a public hearing to consider the acceptance and expenditure of up to \$2,773,229 from the Local Fiscal Recovery Funds distributed by the State of NH through the American Rescue Plan Act of 2021, pursuant to RSA 31:95-b and Charter Article 8-15. The funds will be expended in accordance to the guidelines set forth in the ARPA.

Town Manager Paul Micali began by stating that this was the money approved by President Biden back in March for Covid relief in communities, and there have been many seminars in the state to determine what the money can and cannot be spent on. Finance Director Thomas Boland then shared that all the municipalities in the state, minus larger communities such as Nashua and Manchester who received their own separate funding, were granted money from this funding. If accepted by the town, this funding would be received in two payments, with 50% available almost immediately and the other 50% to be delivered in approximately one year from now. There are five available categories of allowable uses for these funds, in which Mr. Boland has summarized: to support public health expenditures, to address negative economic impact caused by the public health emergency, to replace lost public sector revenue, to provide premium pay for essential workers, and lastly to invest in water, sewer, and broadband infrastructure. If the town chooses to accept these funds, they are subject to federal reporting requirements and the town will also have to make a report of expenditures every October until the funds are spent. Mr. Micali then shared that the school has their own separate funding from this, but MVD is included in this funding and does not have their own separate funding. Chairman Koenig asked if the reporting requirements are of concern, in which Mr. Boland stated that this is standard and the requirements are perfectly understandable to ensure the town is in accordance with the guidelines for the funding.

Chairman Koenig opened the public hearing for public input at 7:48 pm. No public input was given.

Chairman Koenig closed the public hearing at 7:49 pm.

MOTION made by Vice Chair Rothhaus and seconded by Councilor Harrington to accept and expend up to \$2,773,229 from the Local Fiscal Recovery Funds distributed by the State of NH through the American Rescue Plan Act of 2021, pursuant to RSA 31:95-b and Charter Article 8-15, and authorize the Town Manager or his proxy to sign any necessary documents. MOTION CARRIES 7-0-0

Legislative Updates from State Representatives

Legislative Update from Rep. Jeanine Notter:

My fellow Merrimack Residents,

As the senior member of the Merrimack Delegation, I am pleased to report that we passed a budget that will help our town to thrive and flourish. From tax cuts to increasing education funding, the budget is jam packed with reforms and policies that will benefit every single citizen of our town.

3. Road Infrastructure Capital Reserve Account Withdrawal Request

Submitted by Deputy Public Works Director / Town Engineer Dawn Tuomala

The Town Council to consider a request to release of the remaining drainage funds for 2020-2021 from the Road Infrastructure Capital Reserve account to perform needed drainage improvements on various projects.

Deputy Public Works Director / Town Engineer Dawn Tuomala began by stating that her team would like to do their drainage projects now as opposed to early next spring as this year they ran into issues with their contractors being busy and not being able to meet deadlines, which pushed their paving projects back as well. She would like to avoid this issue by completing the drainage projects this fall to have the paving projects being on schedule next year. Ms. Tuomala then stated that she has three drainage projects on South Baboosic Lake Road: one down near the town line which started back in 2018 to replace three cross culverts with an estimated cost of \$98,000-\$120,000, one up near Trowbridge Drive with three failing catch basins with metal pipe, and one cross culvert further up towards Baboosic Lake Road with metal pipes that needs to be changed before another upcoming project. Chairman Koenig asked what the metal pipes get replaced with, in which Ms. Tuomala stated they will be replaced with RCP concrete pipe.

Additionally, there is another project on Thornton Road West that includes three culverts that need to be replaced. Chairman Koenig asked if there needs to be anything done regarding treatment or contamination as one of the culverts runs into Pennichuck's water supply, in which Ms. Tuomala stated that there is, and she is going to put a separate application in to NHDES. She then stated that the materials for these projects, such as the new pipes, will take several weeks to order so she would like to get this started as soon as possible to have completed before winter. Vice Chair Rothhaus asked if these projects are critical or if they could wait until next year when the cost of supplies and availability of contractors might be a bit better, in which Ms. Tuomala stated that some of them are critical issues that need to be addressed sooner rather than later, and she is working on bundling some projects together to help reduce the overall cost. Town Manager Paul Micali asked if completing these projects would help the MS4 project, in which she stated yes, it absolutely would help out.

MOTION made by Councilor Woods and seconded by Councilor Harrington to approve the release of \$252,500 from the remaining drainage funds for 2020-2021 from the Road Infrastructure Capital Reserve account to perform needed drainage improvements on various projects presented tonight by Town Engineer Dawn Tuomala and authorize the Town Manager or his designee to sign any expenditures as necessary. MOTION CARRIES 7-0-0

4. American Rescue Plan Act of 2021 Funds Discussion

Submitted by Town Manager Paul T. Micali

The Town Council to review and discuss how to spend \$2,773,229, Local Fiscal Recovery Funds, that the Town received from the State under the American Rescue Plan Act of 2021 (ARPA).

Town Manager Paul Micali shared that in looking at the needs of the community and shovel-ready projects, he suggested using some of this funding to complete the Screenings Building for the Wastewater Treatment Facility. Another topic he wanted to discuss was revenue shortfalls. Currently, the town does not have a revenue shortfall, however there is a shortage of car inventory which could impact interest rates in the future. Lastly, he thinks that some money could be used towards the stormwater drainage projects in the future. He believes the top priority is the Screenings Building, which would take up a good amount of the funds as the total cost of this project is \$2,327,764, which would leave the remaining funds at roughly \$445,000 to be used towards other projects. Mr. Micali then stated that this funding will have its own separate operating account, and they should be getting the first installment of the funds, which is \$1.3 million, by next Friday,

July 23, if not sooner. Councilor Healey shared that she has two other possible needs that she would like to consider as well: adding to the budget for social services, and supporting new businesses that had opened during the first quarter of last year and were not able to get any relief funding for Covid. Mr. Micali stated that there is money at the state level to help for social services, but the application process takes time.

Councilor Hunter asked if there is an urgency to approve this funding or if it's safe to wait a few months to see if the Wastewater Facility is able to secure any additional funding to complete the Screenings Building project, in which Wastewater Facility Assistant Director Sarita Croce stated that there is an increase in commodities prices, such as steel and wood, and the timeline to get materials is much longer than originally anticipated, so they would like to start the project sooner rather than later. Councilor Hunter feels that this is being rushed and he wonders if it would be better to wait 6 months and revisit to see if there are any federal grants or additional funding that could be obtained to reduce the costs of this project, or if the costs of materials could go down by then. Ms. Croce then shared that the original project estimation two years ago put forth in the preliminary design was \$1.9 million and some of the equipment has further deteriorated since then due to damage from flushable wipes and other items that damage the equipment. Chairman Koenig shared that he is in favor of moving forward with this project, sharing that the price of materials may go down, but the price of labor and availability of contractors will most likely stay up and increase over time. He then stated that if federal grants do become available, there are more sewer projects that the funding can be put towards.

Councilor Murphy then shared that at the most recent HB737 commission meeting on June 11, one of the commission members asked if ARPA funds could be used to assist private well owners and if the funds could be used to filter contaminated wells. She wanted to bring this idea to the Council, stating that they should be considering addressing the water issues in the town. Mr. Micali then stated that MVD had their own private call regarding ARPA funding, but they have not brought any ideas forward to the town. He then stated that he is aware of various funding and grants for water issues, but the amounts are typically on the lower end and can vary. Councilor Harrington is agreement with using the funding for the Screenings Building but would also like to reserve the leftover amount and actively look into the water issues that Councilor Murphy suggested. Councilor Murphy asked if there is a known date for which the funds have to be obligated, in which Mr. Micali stated that they have until 2024 to obligate the money, and 2026 to spend it.

MOTION made by Councilor Harrington and seconded by Vice Chair Rothhaus to fund the Sewer Screenings Building expansion in the amount of \$2,327,764 out of the American Rescue Plan Act of 2021 (ARPA) funds. MOTION CARRIES 6-1-0 with Councilor Hunter in opposition

Minutes

Approve the minutes from the following Town Council meetings:

♦ June 24, 2021

MOTION made by Councilor Harrington and seconded by Councilor Healey to approve the minutes of June 24, 2021 as amended. MOTION CARRIES 7-0-0

Councilor Healey made the following amendments:

- Page 4, Line 27: "FL Merrill" should be written as "F.L. Merrill".
- Page 9, Line 8: Change wording to say the PFAS Facts sheet was "submitted" by, not "created" by.

Chairman Koenig made the following amendment:

- Page 1, Line 12: Change "please join us in a moment of silence" to "Chairman Koenig requested a moment of silence".

Chairman Koenig announced that Item #3 under Public Hearing would be heard next.

3. Public Hearing – Ladder Fire Truck

Submitted by Town Council Chair Tom Koenig and Vice Chair Finlay Rothhaus

The Town Council will hold a public hearing to receive public input on a proposed issuance of debt of \$1,500,000 for a New Fire Ladder Truck, and expenses related to the issuance of municipal bonds.

Fire Chief DiFronzo was present with Mr. Micali to discuss the ladder fire truck, summarizing the following from previous presentations:

- The Town has had a ladder truck since 1972
- The ladder truck helps provide for firefighter safety, victim removal from exterior buildings, it carries large volumes of water if needed, it assists in certain rescue operations, and it carries a full complement of ground ladders
- The annual cost of repairs on the current ladder truck is \$15,019, with \$75,097 worth of repairs from Jan 1, 2017 to Nov 30, 2021
- The equipment maintenance division conducted an evaluation and found several costly issues with the ladder truck
- The ladder truck was purchased in 2002 and cost \$746,748, which amounts to \$1,153,736 in today's dollars
- The new ladder truck will cost \$1,473,994, but there are some cash discounts for paying for the truck up front
- For a 10-year bond with interest rates the cost would be \$15,000 the first year, then \$178,000, and then \$175,000 with the cost going down each year. The cost over the 10-year period would be \$1,665,000, with \$165,000
- There would not be an increase in the tax rate because there is a current bond dropping off this year that is the same amount as the 10-year bond
- Mr. Micali then compared ARPA funding vs Bonding, highlighting the following:
 - Pros:
 - No bond debt (pay 100% cash)
 - Permitted use for funds
 - Can get delivery of ladder truck sooner
 - Taxpayers will not see a tax increase
 - Cons:
 - Sewer projects will be pushed off or cost an additional \$3.4 million
 - If the remainder of ARPA money was used to help offset sewer, the additional cost would be \$1.7 million

Vice Chair Rothhaus asked if there was any rate impact, in which Mr. Micali stated they're at 12% rate this year, 12% next year, and then 5% the following year, with the 5% increasing because of this. Councilor Hunter asked what the cash discount would be, in which Chief DiFronzo stated it would be almost \$41,000 taken off the price tag of the truck. Mr. Fox and Ms. Croce then spoke about the sewer projects that would be deferred if the Council decides to go with ARPA funding, stating that with most of the equipment and building being over 50 years old, they are concerned about the projects getting further delayed. Ms. Croce then elaborated, stating that there are four return-activated sludge pumps that recycles water with microbes that are full of rust and may not survive. If these pumps go, water will not be able to be cleaned and the entire plant will be at a halt. Additionally, this project would go from costing \$1.3 million to upwards of \$3-\$4 million. Councilor Woods then spoke, sharing that he is in agreement with the ladder truck purchase. Councilor Healey shared that if the town were to lose the wastewater facility, the EPA would come and take over Merrimack until the facility is up and functional again. She would rather prevent EPA coming as opposed to purchasing the new truck with the ARPA funding.

The public hearing was opened at 9:14 pm and closed at 9:15 pm.

The Council further discussed their options, stating that both the ladder truck and the WWTF projects are both equally important. The Council was in agreement of moving forward with the ARPA funding to purchase the ladder truck with cash, and then increasing the bonding for the WWTF project. Ms. Croce wanted to clarify that requesting more money for the WWTF is not an easy solution, as money has already been allocated to them from the state. She stated that she can call to see if the amount can be adjusted, but every other wastewater facility in NH is going through upgrades. Further, if the project gets delayed, they still have to pay project fees, and this will further push the completion date out. Mr. Micali then broke down some cost options, mainly the chlorination building and sawdust shed, stating that there are ways to get these paid for with the leftover ARPA funding (about \$1.2 million) and additional funds. Ms. Croce then further discussed the issues with the return-activated sludge pumps, stating that the electrical and communications (SCADA) parts of the project are going to be the most expensive.

MOTION made by Vice Chair Rothhaus and seconded by Councilor Harrington to move \$1.5 million bond for the Ladder Fire Truck to the Warrant.

MOTION FAILS 1-6-0 with Councilor Woods in favor

Chairman Koenig requests that this be brought back to the Council as an option to use ARPA funds to purchase the ladder truck. This will be added to either the February 24th or March 10th agenda.

2. Public Hearing – Waste Water Treatment Facility Phase V

Submitted by Town Council Chair Tom Koenig and Vice Chair Finlay Rothhaus

The Town Council will hold a public hearing to receive public input on a proposed issuance of debt of \$10,102,750 for Waste Water Treatment upgrades to the Wash Water Piping, Compost Facility, Headworks Building and New Screening Building as well as ADA improvements and other miscellaneous upgrades to the main plant.

Mr. Micali began by giving a condensed version of this bond, presenting the following:

- The cost of the project is \$10,102,750
 - Screenings Building- \$3,200,000
 - Wash water Piping- \$585,000
 - Compost Facility- \$2,600,000
 - Headworks Building- \$2,400,000
 - Construction total cost- \$8,785,000
 - Contingency 5%- \$439,250
 - Engineering 10%- \$878,500
- NHDES announced the availability of the ARPA (American Rescue Plan Act) Grant application for all Clean Water ARPA grant offers
- Town submitted an SRF pre-application to qualify for the ARPA grant
- The Town of Merrimack has been preapproved for 20% ARPA grant, up to \$2,000,000
 - With this grant, the total loan amount would be \$8,102,750
- The 20-year bond repayment at 2.5% would be about \$2 million worth of interest, bringing the total bond to \$10,229,721.88
 - This would not affect the proposed tax rates

Councilor Harrington asked if there will be enough time between now and the deliberative session to ask to increase the bond up to \$12,102,750, in which Mr. Micali stated that this would leave some options open and is a possibility. Councilor Hunter agreed, stating that keeping this on a bond will help keep this user-funded.

March 3rd, 2022

Chief Mark DiFronzo
Merrimack Fire Department
432 Daniel Webster Hwy
Merrimack, NH 03054

Chief DiFronzo,

Thank you for the opportunity to continue to work with you and your Fire Department on the purchase of another Pierce Fire Apparatus. As we have been discussing, lead times on Aerial Apparatus are increasing, as well as prices. To combat this, the best two options going forward are as follows:

1. Pursue the purchase of a build to order aerial truck with the specs proposed in November of 2021. The price on that unit is \$1,473,994.00 with a pre-payment discount of -\$40,724.00. This price will expire on May 1st of 2022. Current estimated lead time on this unit is between 14 and 16 months after contract signing.
2. Select a stock aerial truck that is in the queue for manufacturing or release of manufacturing. There are several units currently in either the engineering phase, manufacturing phase or ready to be released from manufacturing. Once completed, these units **must** be available for several months of demonstration time. They may be purchased with a written agreement with Pierce Manufacturing that the unit will be used as a demonstrator for the required amount of time.

I understand the importance of delivering the aerial truck as soon as possible while also staying within budget. As of right now a build to order unit will be within the budget as long as a contract is signed before May 1st 2022. It is still unknown at this time what the incoming stock aerial trucks will be priced at. I am currently working with Pierce to determine the prices of the incoming stock units. Once it is known, I will present a price to you.

If you have any questions, please don't hesitate to contact me at any time.

Sincerely,



Nick Hilton
Allegiance Fire & Rescue
New Hampshire Sales Representative
NHilton@allegiancefr.com
Cell: 508-245-4509

